

BULLETIN

August 2016

A report of matters associated with Southern Rural Water's 2 August 2016 board meeting

The meeting was held at D'Olive Quality Suites, Point Cook

Present:	Mr Terry Burgi OAM	Chairman
	Ms Diane James AM	Deputy Chairman
	Ms Kate Calvert	Director
	Ms Naomi Pye	Director
	Ms Naomi Benjamin	Director
	Mr Michael Malouf	Director
	Mr Terry Swingler	Director
	Mr Clinton Rodda	Managing Director
	Mr Stuart Wrigglesworth	Chief Financial Officer and Corporation Secretary

Southern Rural Water Board of Directors meeting

Reflecting upon the 2015-16 year

The board considered a number of reports that reflect upon the corporation's performance and results for the 2015-16 financial year.

Performance dashboard

Management was pleased to present the end of year performance dashboard which reported most measures with a final outcome in excess of target. Notable highlights being:

- Customer indicators better than target for all customer groups other than Groundwater & Rivers Application customers, with highlights being:
 - Service to Macalister irrigation customers 16% better than target;
 - Service to customers in the Latrobe system 50% better than target; and
 - Recent improvement to service provided to Groundwater & Rivers Applications customers, indicating that outcomes are on track to exceed target early in 2016-17.
- No significant compliance breach or risk occurrences for the year.
- The corporation's largest ever year of capital expenditure, with significant savings to budget achieved (10%) and a relatively small amount of project activity deferred to 2016-17 (10%).

Strategy report

Modernisation works have continued in Macalister and Werribee irrigation districts and over \$50m of modernisation funding from government was secured in 2015-16 to continue these works. Separately during the meeting, the board approved the Managing Director to finalise the funding deeds with the State Government.

A successful remote metering pilot program was implemented in 2015-16, and progressing

this trial to a full roll-out across groundwater and rivers meters heralds a breakthrough in the way that SRW collects, and customers and SRW use, this data.

These major projects have helped ensure that SRW continues to make significant progress towards SRW's strategic vision of –

Boosting Southern Victoria's food, fibre and regional productivity through
outstanding rural water management

The strategy scorecard report identified that nine of our ten outcome measures are on track, and the board recognised management's strategic successes in 2015-16.

Financial report

The Chief Financial Officer advised the board that SRW exceeded all financial targets in 2015-16:

- A greater cash surplus from operations (\$0.2m)
- Better regulatory result (\$0.45m)
- Lower debt than budgeted (\$1m)
- Better cash interest cover (8.2, rather than 7.7)

This result puts SRW in a strong financial position heading into the 2016-17 financial year.

Managing Director performance

The Managing Director conveyed his satisfaction with the performance of the business in 2015-16, in particular securing government funding for further irrigation modernisation projects. The board complimented the Managing Director upon these outcomes.

Further reports

The board approved management's recommendation to further progress discussion with the State Government to secure additional storage capacity and inflows from the government's unallocated water entitlement in Lake Merrimu. Access to this water will aid water security for Werribee and Bacchus Marsh irrigation customers.

Management reported to the board outcomes from the recent asset revaluation, whereby the value of SRW water infrastructure, land and buildings increased by \$28m to \$1,243m. As part of this discussion, the board approved the methodologies used by the Valuer-General Victoria to determine the value of water infrastructure, land, building, vehicles and other assets.

The board approved \$740k capital expenditure for the Narracan Dam spillway gate refurbishment project.

A number of additional reports were noted or approved by the board:

- Management report
- Chairman's report
- Directors' reports

- Director development feedback
- MD performance plan 2016-17
- 2017 board meeting schedule
- Board committee charter review
- Board performance assessment plan
- MID allocation trading strategy 2016-17
- Water Aid sponsorship
- Werribee office redevelopment
- Board meeting reflections
- Consequence to SRW of power station closure
- Response to ESC's water pricing position paper
- Major projects report
- Customer consultative committee reports

The directors also took an opportunity within the meeting to recognise and congratulate the Chairman's achievement of being awarded an Order of Australia Medal. The Chairman noted he has been surprised and humbled by the award, and thanked directors for their assistance and acknowledgement.

Southern Rural Water Board of Directors tours the Werribee Irrigation District

Directors attended a tour on Wednesday 3 August 2016, visiting sites including:

- Werribee South; project site visit
- Werribee South; tour of operations of Mason Bros. Vegetable Farms by Mr Amo Mason
- Melbourne Water's Western Treatment Plant; tour of site.

The tour concluded with a lunch meeting with the Werribee Bacchus Marsh Customer Consultative Committee.

The directors reiterated the value of the tour by increasing their knowledge of customer operations, and SRW's role, through one-on-one contact with customers.

Southern Rural Water Board of Directors dinner meeting with Essential Services Commission

Dr Ron Ben-David, Chairperson of the Essential Services Commission joined the board and members of the SRW executive team a dinner meeting. This event provided an opportunity for Dr Ben-David to reiterate the principles and intent that will be used by the commission to approve the next price submission. The board greatly appreciated this opportunity, and was able to make enquiries of Dr Ben-David.

Next meeting

The next meeting for the board will be held on 30 August 2016 in Maffra.